

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), all grades of bulk butter are unchanged: Grade AA \$1.1000, Grade A \$1.0200, and Grade B \$1.0100. Also at the CME, barrel cheese increased 3 cents to \$1.2300 and 40# blocks increased 1 1/2 cents to \$1.2875.

According to ERS and AMS, commercial disappearance of dairy products during the 3 month period of March - May 1997 totals 39.4 billion pounds, 1.4% lower than the comparable period a year ago. Comparing disappearance levels with the same period a year ago: nonfat dry milk is 25.7% lower, butter is 11.0% lighter, American cheese is 2.8% lower, fluid milk products are down 0.5%, while other cheese is 3.4% heavier.

On July 29, the U.S. Department of Agriculture authorized \$35 million in credit guarantees for sales of U.S. agricultural commodities to Ukraine under the Commodity Credit Corporation's Export Credit Guarantee Program for fiscal year 1997. Along with other agricultural products, dairy products that qualify for the credit guarantee program are butter, butter oil, ghee, anhydrous milk fat, nonfat dry milk, whole milk powder, whey powder, whey protein concentrate, lactose, non-sweetened condensed milk, fluid milk, and cheese. Exporters may apply for guarantees on a first-come-first-serve basis.

Milk production patterns throughout many areas of the United States are responding to seasonally hot weather conditions. Milk output is dropping rather quickly in the Southeast where hot weather is taking its toll on the cows. However, cooler weather in Northeast has helped keep the milk flow from dropping too fast. In the Midwest, milk receipts plummeted during the recent spell of hot and humid weather with some heat indexes more than 100. Plant operators, despite the return of cooler, less humid climatic conditions, have yet to see much of a rebound in receipts. In New Mexico and Arizona, production is trending toward seasonal lows and the declines are being compounded by areas of more humid conditions on top of hot temperatures.

Output in California remains strong when compared to last year. Levels are ranging from 6 - 8% higher with some locations even higher than that. In the Pacific Northwest, milk output continues to hold up quite well. In areas of milk shortages, imports of milk from other areas of the country are needed to supplement the shortage. Up to this point, minimal volumes of milk were needed in the Southeast, but this week the situation had a dramatic change with about 100 loads of milk being imported into Florida and between 50 and 75 additional loads entering other Southeastern states. Milk is moving from as far away as Wisconsin.

The nonfat dry milk market is weak with prices unchanged to generally lower. Several producers lowered prices to move inventories. In the West, heavy volumes of NDM have been committed to the DEIP program for future deliveries and offerings to the CCC continue. Buttermilk powder markets are unsettled. The overall tone to the market is steady, although a firmer tone might be developing in Central and Western markets. Whey markets are steady to firm. In more instances, they are hearing comments that prices are getting too high, thus buyer resistance to the higher asking prices is building.

During the week of July 28 - August 1, CCC net dairy product purchases under the price support program were 220,460 pounds of Western nonfortified NDM.

SPECIAL THIS ISSUE

COMMERCIAL DISAPPEARANCE (PAGE 2)
CHEDDAR CHEESE, NDM, BUTTER, AND FLUID MILK FUTURES (PAGE 7)
INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
JULY MONTHLY SUMMARY AND AVERAGES (PAGES 9 - 10)

BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	JULY 29	:	JULY 31	:	AUGUST 1
AA	:	\$1.1000 - 1.1100	:	\$1.1000 - 1.1100	:	\$1.1000 - 1.1100
	:	(+.0150) (+.0150)	:		:	
A	:	\$1.0200 - 1.0300	:	\$1.0200 - 1.0300	:	\$1.0200 - 1.0300
	:	(+.0200) (+.0200)	:		:	

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged. Butter markets remain unsettled. Churning schedules are mixed. Some producers are selling their cream, while others continue to make butter. Stocks of butter range from in balance to fully adequate for current needs. Demand for bulk and print butter is fair. The usual "late summer scamper" for butter stocks is not occurring at this time as many handlers acquired heavier stocks earlier in the year.

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	JULY 28 - AUGUST 1, 1997
BARRELS*	:	\$1.1900 - 1.2100 (NOMINAL)
	:	(\$0.0875) (.0825)
40# BLOCKS	:	\$1.2825 - 1.3025 (NOMINAL)
	:	(\$0.0050) (.0050)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is firm. Buyers are building inventory in anticipation of additional price increases. Current cheese supplies are tightening, though barrels remain longer than blocks. Cheese production is trending lower as recent heat and humidity caused milk receipts to decline though temperatures have moderated since the weekend. CCC contracted to purchase 9.7 million pounds of cheese at market prices (summary found on page 11), bringing the total since October 1, 1996 to 87.7 million pounds compared to 68.9 million pounds for the previous year, up 27.3%.

CHICAGO MERCANTILE EXCHANGE**BUTTER TRANSACTIONS ON FRIDAY, AUGUST 1, 1997**

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	N.C.	:	\$1.1000 : SALE 08/01/97
A	:	N.C.	:	\$1.0200 : BID 07/25/97
B	:	N.C.	:	\$1.0100 : BID 07/25/97

SALES: 12 CARS GRADE AA: 4 @ \$1.0950,
4 @ \$1.0975, 4 @ \$1.1000 (LST)

BIDS UNFILLED: 6 CARS GRADE AA: 2 @ \$1.0950,
1 @ \$1.0925, 2 @ \$1.0900, 1 @ \$1.0500

OFFERS UNCOVERED: 2 CARS GRADE AA:
1 @ \$1.1100, 1 @ \$1.1200

CHEESE TRANSACTIONS ON THURSDAY, JULY 31, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	+.0300	:	\$1.2300 : SALE 07/31/97
40# BLOCKS	:	+.0150	:	\$1.2875 : SALE 07/31/97

SALES: 48 CARS BARRELS: 13 @ \$1.2000, 2 @ \$1.2025
7 @ \$1.2100, 13 @ \$1.2200, 3 @ \$1.2275, 10 @ \$1.2300 (LST)
10 CARS 40# BLOCKS:
2 @ \$1.2750, 2 @ \$1.2850, 6 @ \$1.2875 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 18 CARS BARRELS: 5 @ \$1.2300, 3 @ \$1.2325,
3 @ \$1.2375, 5 @ \$1.2400, 1 @ \$1.2500, 1 @ \$1.2600

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--MARCH-MAY 1997 AND YEAR-TO-DATE 1996-97^{1/}

Item	Mar.-May 1996	Percent change ^{4/}	Mar.-May 1997	Percent change ^{4/}	Jan.-May 1996	Percent change ^{4/}	Jan.-May 1997	Percent change ^{4/}
	Million Pounds							
<u>MILK</u>								
Production	40,353	-1.2	40,941	1.5	65,873	-1.1	66,207	1.2
Marketings	39,979	-1.2	40,620	1.6	65,254	-1.0	65,680	1.3
Beginning Commercial Stocks ^{2/}	5,055	6.8	4,970	-1.7	4,099	-3.8	4,704	14.8
Imports ^{2/}	570	-13.0	604	6.0	871	-19.5	947	8.7
Total Supply ^{3/}	45,604	-0.5	46,194	1.3	70,224	-1.5	71,331	2.2
Ending Commercial Stocks ^{2/}	5,653	5.3	6,653	17.7	5,653	5.3	6,653	17.7
Net Removals ^{2/}	33	-96.4	179	442.4	42	-97.4	245	483.3
Commercial Disappearance ^{3/}	39,918	0.9	39,362	-1.4	64,529	0.4	64,433	0.5
<u>SELECTED PRODUCTS ^{5/}</u>								
Butter	319.6	0.3	281.0	-11.0	554.0	3.1	503.0	-8.6
American Cheese	831.7	3.5	800.1	-2.8	1,327.1	2.0	1,348.5	2.3
Other Cheese	1,043.0	0.9	1,066.5	3.4	1,672.3	1.0	1,715.7	3.3
Nonfat Dry Milk	311.3	47.5	229.3	-25.7	486.1	35.9	393.4	-18.6
Fluid Milk Products ^{6/}	14,129.0	1.4	14,063.5	-0.5	23,636.4	1.6	23,361.8	-0.5

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. ^{3/} Totals may not add because of rounding. ^{4/} From year earlier on a daily average basis. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are 1 1/2 cents higher again this week. The market tone remains unsettled. Contacts report little or no difficulty buying bulk although it often has "some age" on it. Locally, production is mixed. Some operations are selling all their cream and others continue to make butter. Plant stocks range from light to fully adequate. Demand for butter is slower than expected for late July and that is often attributed to heavy purchases early in the year. Retail demand is slow to fair, but food service orders are seasonally good.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.3100-1.5575
1 LB. PRINTS	:	1.2250-1.4075
CHIPS/PATTIES	:	1.2875-1.4575
REDDIES	:	1.3625-1.5575
CONTINENTALS	:	1.4425-1.6175

CENTRAL

Print butter markets remain unsettled though firm, as prices continue to increase following cash trading at the Chicago Mercantile Exchange. Stocks of both bulk and print butter are reported to be sufficient for current needs. In instances, butter with some age on it, especially from other areas of the country, is available at favorable prices. Current buying interest is gaining strength, as buyers that were hesitant to place orders due to the unsettledness of the market are now returning. Although orders are improved, overall buying interest for both retail and food service are only fair. Some retail outlets are featuring butter with seasonal sweet corn availability.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.2000-1.6075
1 LB. PRINTS	:	1.1650-1.3275
CHIPS/PATTIES	:	1.1900-1.4000
REDDIES	:	1.2750-1.5100
CONTINENTALS	:	1.4300-1.6200

WEST

Prices for Western print butter are increasing following prices on the CME trading for July 25. Western contacts are curious about the market decline noted a few weeks ago and now the price recovery. Most were surprised at the downturn in the middle of a normal season for ice cream sales. Many admit that stocks of butterfat at most levels of the market are heavier than last year and some contacts are now content to work off some stocks and reassess their market positions. Some small export sales are continuing. Production of butter remains ahead of schedule at most manufacturing operations. Cream demand is mixed, ranging from slower than anticipated to good.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.3825-1.4300
1 LB. PRINTS	:	1.3125-1.3725
PATTIES	:	1.3550-1.5200
REDDIES	:	1.4800-1.4975

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.0975-1.1375
----------------	---	---------------

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE		
:		
07/28/97	39,285	: 123,545
07/01/97	40,047	: 116,588
CHANGE	- 762	: + 6,957
% CHANGE	- 2	: + 6

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
JULY 25	1,095,379	3,269,397	4,498,249	1,055,345	3,707,010	5,161,707	8,868,717

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices are fractionally higher on natural items, 7 3/4 cents higher on most process styles, and unchanged on Swiss. The market tone is still unsettled. Some Eastern distributors/buyers continue to wonder why prices are moving higher at a time when cold storage stocks of cheese are at an eight-year high and milk supplies are above normal, seasonal levels. Also, demand for cheese is seldom better than fair. In the Northeast, cheese production is easing lower now that surplus milk supplies are now starting to drop. Cheese stocks are more than adequate to meet the slow to fair retail demand. Food service orders are fair to good.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1825-1.7550
Cheddar Single Daisies	:	1.1525-1.7500
Cheddar 40# Block	:	1.4100-1.5600
Process 5# Loaf	:	1.3650-1.4750
Process 5# Sliced	:	1.3750-1.5725
Muenster	:	1.4525-1.7400
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is barely steady on barrels; steady to firm on blocks. At the Chicago Mercantile Exchange on July 24, 40# blocks advanced .5 cent to \$1.2725 and barrels increased 7.75 cents to \$1.2000. The rapid increase in the block price relative to milk prices has helped return profitability to more cheese plant operations. The spread narrowed to a still wide 7.25 cents. Barrels and other processing solids remain more readily available than current blocks. Some processors and/or packagers have needed overtime to fill the recent surge in orders in anticipation of, or the result of, higher prices. Natural demand has improved and most producers have eliminated discounting as plant inventories have declined. As milk receipts decline seasonally and other uses for milk increase in the next few weeks (schools reopen), current cheese availability is expected to decline further. Recent (and in more southern locations continued) heat and humidity is causing milk receipts to decline. Fat, protein, and cheese yields are also steady to mostly lower. Spot milk supplies have declined and prices have increased sharply.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4850-1.5425
Brick And/Or Muenster 5#	:	1.5300-1.7300
Cheddar 40# Block	:	1.5250-1.9150
Monterey Jack 10#	:	1.7200-1.9150
Blue 5#	:	1.8775-2.0700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6475-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Process cheese prices increased this week in response to the sharp price run up at the CME on July 24. Most Western contacts were somewhat surprised at the strength, but understand that the previous spread between barrels and blocks is unusual. Process sales activity is fair at best while natural ranges from fair to good. Current cheddar is moving very well. Production is trending lower seasonally, but still remains above expectations. The market is getting more comfortable with the notion of firming prices.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3900-1.6900
Cheddar 40# Block	:	1.4550-1.7300
Cheddar 10# Cuts	:	1.6900-1.7950
Monterey Jack 10#	:	1.6500-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Prices are unchanged on imported styles, but fractionally higher on most domestic varieties. The market tone is seasonally slow. Stocks are adequate for current needs. According to reports, cheese production in the EU-15 during the first quarter of 1997 is estimated at 488,400 MT, 0.6% more than the same period last year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6075-2.1750*
Gorgonzola	: 3.2400-5.9400	: 2.2300-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9750-3.0550*
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2800-1.7875*
Romano (Cows Milk)	: -0-	: 2.8100-3.0150*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production is dropping rather quickly in the Southeast where hot weather is taking its toll on the cows. However, cooler weather in the Northeast has helped keep the milk flow from dropping too fast. Some contacts state that output isn't too far below the seasonal peak which was seen in June. The Middle Atlantic area has experienced some milder weather and milk production rebounded slightly from last week. Milk shipments to Florida and other Southeastern states have resumed in rather dramatic fashion. Florida handlers, after taking in very little milk the past two weeks, are importing approximately 100 loads this week. Handlers in other Southeastern states are bringing in another 50 - 75 loads. Bottled milk sales throughout the region are reported as flat to slightly improved. Surplus milk volumes are lighter in the Northeast; almost nonexistent in the Southeast. Accordingly, manufacturing plants' schedules range from not operating in the Southeast to heavy in New England. The condensed skim market is basically unchanged. There is more interest reported for wet solids, but prices are unchanged. The fluid cream market is firm. Offerings are tighter now that increased volumes of milk are moving into the Southeast. Also, cream supplies were very long late last week, but tightened over the weekend and early this week. Spot prices are generally higher following the increase in butter prices last Friday (7/25). Multiples used to determine spot prices were in the low 140's early in the week and increased to the mid-150's by midweek. Ice cream production and sales are seasonally fair to good. Sales of soft serve mix and frozen novelties continue to be good. Cream cheese and sour cream production are steady. Churning activity is often lighter as producers do not want to build much of an inventory and less milk is available to butter/powder plants.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4484 - 1.5912
Delivered Equivalent Atlanta	-	1.4484 - 1.5708 M 1.4950-1.5390
F.O.B. Producing Plants: Upper Midwest	-	1.3872 - 1.5400

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500 - 1.0200
------------------------------------	---	-----------------

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 25 - 31, 1997	5
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	56

DESTINATIONS: KENTUCKY 3, TENNESSEE 2

Reported milk shipments from Wisconsin began this week with additional discussions with Southern buyers occurring that have not produced results yet. Milk from Michigan is also moving into the same area. About 20 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order and not included in the milk shipment total. Interest in milk has improved locally as cheese prices firm and receipts decline. Wisconsin spot milk prices for manufacturing have firmed rapidly with local area sales of spot milk ranging from a low of 50 cents over during the weekend to \$1.50 to 2.50 over class during

the week. Milk receipts plummeted during the recent spell of hot and humid weather with some heat indexes over 100. Plant operators, despite the return of cooler, less humid climatic condition, have yet to see much of a rebound in receipts. Cream demand is spotty, with some users very active and others slower. Cream prices are mostly higher, reflecting higher butter prices at the Chicago Mercantile butter market. Some supplemental supplies of cream are still entering the upper Midwest from California. Most cream sales are occurring in the mid 140's. Ice cream production remains heavy. Crop maturity has generally caught up with normal levels. However, wet, often humid conditions have caused putting up good quality (no rain) dry hay to continue to be a problem for most producers.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)		
	JULY 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 42.50	\$ 31.50- 35.50
REPLACEMENT HEIFER CALVES	\$ 90.00-120.00	\$115.00-180.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	JULY 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 45.00	\$ 33.00- 38.00

W E S T

California pool receipts of milk total 2.20 billion pounds for the month of June, up 13.1% from June 1996. The blend price is \$11.51 at a fat test of 3.50%. This is the lowest fat test since August 1995. The percentage of receipts used in Class 1 products was 21.1. The June quota price is \$12.64 down \$2.03 from last year. Base and overbase prices are \$10.94, down \$2.03 from June 1996. Cumulative receipts for the first six months of 1997 total 12.96 billion pounds, up 10.1% from the same period in 1996. Milk production in Arizona and New Mexico is trending toward seasonal lows and the declines are being compounded by areas of more humid conditions on top of hot weather. Manufacturing schedules are lower as milk is moving to fluid channels to fill those needs first. Production remains strong in California when compared to last years. Levels are ranging from 6-8% higher with some locations even higher than that. Output is helped by the comfortable weather conditions. Weather in the 90's during the day is manageable when temperatures cool off at night. No sustained hot spell has occurred this summer. Feed availability is manageable, with good supplemental feeds coming from various sources. Cream needs are being filled in other areas of the country. Multiples are steady to showing slight increases. Ice cream demand is still good and limiting churning. Milk production in the Pacific Northwest continues to hold up quite well. Temperatures are moderate and fields and pastures are drying out. More irrigation is now taking place. Corn silage yields are expected to be excellent and the crop is maturing rapidly. Forage quality and prices continue to be a concern in the region. Financial stress is still a problem for many producers. Milk output is declining somewhat more rapidly in the northern Mountain States region. Rain and high winds were common over southern Idaho and northern Utah over the past week. The rain increased some cow stress and hurt second cutting hay harvesting. Hay prices are firming as exporters absorb more of the available supplies. More buyers are trying to cover winter needs at this time.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/31/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are lower and the market tone is weaker. Several producers lowered prices this week to move inventories. Demand is fair for current offerings and was stimulated by the lower prices. Several plants were contacted for current DEIP orders, but it is uncertain if any of these orders will be filled by regional plants. Offerings to the government under the price support program continue from the Western region, but none are occurring from the Central States. Resale loads remain competitively priced in the region and are available from many sources. Stocks are moderate to heavy.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0500 - 1.0900 MOSTLY: 1.0600 - 1.0700

DRY BUTTERMILK - CENTRAL

Buttermilk prices are unchanged and the market tone is steady to slightly firm. Demand is fair for the current limited plant offerings. Production is often lower as churning activity drops due to less cream hitting the churns. Demand from ice cream producers for cream and condensed buttermilk is good and limiting buttermilk drying. Resellers have product for sale within the current price range. Stocks are light and being held for expected later needs.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

Dry whey prices are slightly higher and the market tone is less firm than in recent weeks. Offerings are available from several plants and more resellers in the region. Production is trending seasonally lower at many locations. Milk intakes are lower in the south with milk moving out of cheese plants. Demand is fair to good for current offerings. Export interest is light. The stronger US Dollar and higher prices over recent weeks have limited export potential. Stocks are light to moderate.

NONHYGROSCOPIC: .2150 - .2325 MOSTLY: .2200 - .2250

ANIMAL FEED WHEY - CENTRAL

Milk replacer and delactose whey prices are unchanged and remain nominal. Milk replacer offerings are higher than in recent weeks. More powder was downgraded over recent spells of hot/humid weather. Delactose demand is limited. Drying has been lower due to weather limitations. Standard prices are too few to report. No reports were received this week. Roller ground prices are higher and nominal. Sales are good and most sales are limited to contracts.

MILK REPLACER: .1975 - .2175
STANDARD: TFEWR
ROLLER GROUND: .2225 - .2400
DELACTOSE (Min. 20% protein): .3350 - .3600

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged but the market tone remains weak. Spot loads are hard to move unless discounted. Offerings are available from most producers. Demand is fair at best. Contract sales are helping to keep prices from falling further. Production is holding above a year ago levels at many plants. Stocks range from light to heavy.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2150 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices are slightly higher and the market tone is steady to firm. Producer offerings are light to moderate. Some additional offers are occurring from a few more plants this week. Contract buyers continue to get loads on a timely basis. Additional product from resellers is appearing at attractive prices. Resellers' premiums have declined in recent weeks as several firms are trying to clear their positions. Producers' stocks range from light to more moderate levels.

EXTRA GRADE 34% PROTEIN: .6000 - .6400 MOSTLY: .6200 - .6300

NONFAT DRY MILK - WEST

Nonfat dry milk prices are lower on the range, mixed within the mostly range. Several producers lowered prices to facilitate sales. Heavy volumes of NDM were committed to the DEIP program for future deliveries. More plants are putting NDM in Government bags awaiting inspection and subsequent offering to the CCC under the price support program. Current offerings to the CCC continue and the volume is expected to increase. This could, in turn, present less NDM on the spot market and less could show up in the resale market. Presently, resale loads are an influential factor in the marketplace with losses often being taken to allow resellers to keep current and not build inventories. Spot demand is mostly light. Buyers sense no price risk and are finding ample offerings for their needs. Production remains strong in the Western states. Dryers are active to process the ample milk supplies in California. Stocks remain moderate to heavy.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0325 - 1.0650 MOSTLY: 1.0375 - 1.0500
HIGH HEAT: 1.0600 - 1.0800

DRY BUTTERMILK - WEST

Prices are mostly steady with few changes noted. An unconfirmed report of sales above the top end of the range was received. Offerings are fair and demand generally limited. Production is light due to limited churning action. Cream sales are good with movements out of the region continuing. Several contacts are looking for demand to be better during August. Buttermilk stocks are light to moderate and ample to fill current needs.

BUTTERMILK: 1.0200 - 1.0700 MOSTLY: 1.0200 - 1.0400

DRY WHEY - WEST

Prices for Western whey powder continue to increase. Domestic demand ranges from fair to good. Foreign interest is more spotty. More comments are being heard that prices are getting too high to work out in some applications. Currency exchange issues are causing some additional problems for export sales. Supplies range from light and closely held to short of full trade needs. Production is slowly declining seasonally, but remains above expected levels.

NONHYGROSCOPIC: .2050 - .2350 MOSTLY: .2100 - .2200

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 25, on powder sales of 7,817,648 pounds f.o.b. California manufacturing plants was \$1.0557 per pound. This compares to 13,447,652 pounds at 1.0511 for the previous week ending July 18, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices range from mostly steady to fractionally lower and the market tone remains weak. Production levels are steady to lighter as less surplus milk is available to local butter/powder plants. Plant stocks are heavier than desired and some producers want to clear inventories as best they can before fall. However, demand is lackluster at best. More reports indicate that users who have larger than desired stocks are offering powder and taking advantage of the lower cost condensed skim. These and other attractively priced resale loads are creating a very competitive market. Buyers are taking some loads, but most see little risk or gain in making large purchases at this time.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0500 - 1.1400
DELVD SOUTHEAST:	1.0900 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to slightly lower. The market tone is unchanged. Production levels are often lighter as less surplus milk is available to local butter/powder plants. Also, cream offerings are lighter this week and less excess is moving to butter production. Producers' stocks are well balanced for the slow to fairly good demand. Most do have a load or two for immediate shipment, but they are comfortable with their positions.

F.O.B. NORTHEAST:	1.0550 - 1.0850
DELVD SOUTHEAST:	1.0975 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are steady to higher within the range. The market tone is firmer as more export interest is evident. Bid acceptances under DEIP are increasing. Domestic interest is mostly contractual and spot interest is fair at best. Production is steady to slightly heavier as some plants have diverted milk from NDM/butter production to making dry whole milk. Plant stocks are closely balanced.

F.O.B. PRODUCING PLANT:	1.1800 - 1.2400
-------------------------	-----------------

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JULY 25, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	6,029	MT (13,291,533 LBS)
CHANGE	--	2,167	MT (4,777,368 LBS)
WHOLE MILK POWDER	--	442	MT (1,040,571 LBS)
CHANGE	--	32	MT (70,547 LBS)
CHEESE	--	128	MT (282,189 LBS)
CHANGE	--	91	MT (200,619 LBS)
BUTTERFAT	--	2,079	MT (5,972,261 LBS)
CHANGE	--	1,733	MT (3,820,572 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher and nominal. The market tone is still firm. However, there seems to be growing resistance to some of the higher premiums that producers and resellers are asking. Production levels are often lighter as Northeastern cheese makers have less surplus milk available to them this week. Producer stocks are light and few makers have much on hand for immediate shipment. Demand was reported as unchanged, but spot activity seemed to be slow this week. A few reports indicate that there have been offerings of powder this week, mostly from resellers.

F.O.B. NORTHEAST:	EXTRA GRADE	.2200 - .2350
	USPH GRADE A	.2350 - .2500
DELVD SOUTHEAST:		.2400 - .2625

ANIMAL FEED WHEY - NORTHEAST

Prices are generally higher and remain nominal. Animal feed whey offerings are tight and, with prices increasing, demand is slow. Contacts report that activity in the animal feed market is very slow this week.

F.O.B. NORTHEAST: MILK REPLACER	.2050 - .2150
---------------------------------	---------------

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are often lighter as surplus milk supplies are tighter than past weeks. Plant stocks are adequate, but most producers are trying to build inventories for fall and winter needs. Demand is slow to fair. The Kansas City Commodity office announced the purchase of 2,496,960 pounds of canned evaporated milk under EVD-1, invitation 350 at prices ranging \$.5057 - \$.5757 per pound for delivery in September 1997.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are steady. Rennet demand has been light and unaggressive, although some traders are reporting improved interest. Usually, there is no seasonal cycle in the casein market, but with schools resuming classes in the near future and a firm natural cheese market, rennet demand may possibly become more active. Acid demand remains steady. Supplies of both acid and rennet are readily available for contracted needs. During the first 5 months of 1997, casein imports total 23,802,128 kilograms, down 5% when compared to the same 5-month period in 1996.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2800
ACID:	2.0000 - 2.1000

COFFEE, SUGAR, & COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/17	07/18	07/21	07/22	07/23	07/24	07/25	07/28	07/29	07/30
CSCE CHEDDAR CHEESE -- Cents per pound										
AUG 97	126.50 (13) 0	127.00 (13) 0	127.00 (13) 4	128.00 (9) 0	128.00 (9) 0	128.00 (9) 0	128.00 (9) 0	127.00 (9) 0	128.00 (9) 0	127.50 (9) 0
OCT 97	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	134.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0
FEB 98	122.10 (0) 0	121.60 (0) 0	121.60 (0) 0	120.10 (0) 0	122.10 (0) 0	122.10 (0) 0	122.90 (0) 0	122.10 (0) 0	120.60 (0) 0	120.60 (0) 0
CSCE - NONFAT DRY MILK -- Cents per pound										
AUG 97	105.60 (67) 4	105.60 (67) 0	105.60 (67) 0	105.70 (67) 0	105.80 (67) 0	105.50 (67) 4	106.30 (67) 0	106.30 (67) 0	106.30 (67) 0	106.00 (67) 2
OCT 97	107.50 (1) 0	107.50 (1) 0	107.50 (1) 0	107.50 (1) 0	107.50 (1) 0	107.50 (1) 0	108.30 (1) 0	107.50 (1) 0	107.50 (1) 0	107.50 (1) 0
CSCE - FLUID MILK -- Dollars per cwt.										
AUG 97	13.80 (25) 0	13.70 (25) 0	13.80 (25) 0	13.80 (25) 0	13.80 (25) 0	14.00 (23) 2	13.80 (23) 0	13.93 (23) 0	13.93 (23) 0	
OCT 97	14.35 (12) 0	14.25 (12) 0	14.35 (12) 0	14.35 (12) 0	14.35 (12) 0	14.55 (12) 0	14.35 (12) 0	14.48 (12) 0	14.48 (12) 0	
FEB 98	13.55 (0) 0	13.45 (0) 0	13.55 (0) 0	13.55 (0) 0	13.55 (0) 0	13.85 (0) 0	13.65 (0) 0	13.78 (0) 0	13.78 (0) 0	
CSCE - BUTTER - Cents per lb.										
AUG 97	103.50 (180)4	106.00 (176)17	107.50 (178) 4	107.50 (178)0	108.00 (173)0	107.10 (177) 4	106.30 (179)2	107.50 (168)21	106.80 (154)30	106.80 (150)4
OCT 97	102.50 (14) 0	105.00 (14) 0	106.50 (14) 0	106.00 (14) 0	108.50 (14) 0	107.60 (14) 0	106.80 (14) 0	108.00 (14) 0	107.30 (14) 0	107.30 (14) 0
DEC 97	84.50 (8) 0	87.00 (8) 0	88.50 (8) 0	86.00 (8) 0	86.00 (8) 0	85.10 (8) 0	84.30 (8) 0	85.50 (8) 0	84.80 (8) 0	
CSCE - BFP -- Dollars per cwt.										
AUG 97	12.00 (456)12	12.17 (485)50	12.19 (487)36	12.18 (505)26	12.17 (485)0	12.25 (486) 4	12.14 (488)22	12.11 (487) 5	12.08 (490)0	
OCT 97	12.58 (341) 0	12.78 (371)30	12.75 (377)14	12.78 (381)12	12.78 (373)2	12.73 (373) 18	12.71 (373) 1	12.70 (378) 0	12.69 (383)9	NOT AVAILABLE
FEB 98	12.03 (56) 10	12.10 (56) 0	12.08 (56) 0	12.05 (56) 0	12.15 (50) 2	12.10 (50) 0	12.00 (50) 0	12.03 (50) 5	12.00 (50) 5	
CME - BUTTER -- Cents per pound										
JLY 97	104.00 (35) 12	106.50 (33) 2	107.50 (33) 0	107.25 (23) 2						
SEP 97	110.50 (154)8	111.25 (159)12	111.00 (162)10	110.50 (165)5	110.00 (165)18	109.00 (171)7	108.50 (172) 8	110.50 (169)12	110.50 (167)10	110.50 (167) 0
NOV 97	92.25 (19) 0	94.75 (19) 0	95.00 (19) 0	95.00 (24) 6	95.00 (24) 0	95.00 (24) 0	95.25 (24) 0	95.25 (23) 2	95.25 (23) 0	95.25 (23) 0

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 21 - August 1, 1997

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN/EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: European currencies, in relation to the strong U.S. dollar, continue to fluctuate, thus manufactured dairy product prices and potential sales are being affected. Overall, international trade out of Western Europe is light and unaggressive. Many traders feel that trading activity out of Europe will probably be slow for the next few months. Traders continue to review U.S.'s active participation in the international market, especially for skim milk powder. Milk production is on the downward side from the seasonal flush. Early indications are showing that the milk supply for the first half of 1997 is basically unchanged from previous year levels. In light of generally stable milk volumes, inventories of dairy products are mixed. Outside of butter, stocks are sufficient and, with lagging sales, will accumulate until the market is more favorable for European products.

BUTTER/BUTTEROIL: European butter markets remain firm. Butter inventories are lighter than desired for this time of the season. Producers and handlers continue to replenish low inventories and are more willing to pass-up potential sales at this time. In instances, some handlers are pulling stocks out of private storage to meet current needs. This is much earlier than desired. Although not overly aggressive, Russian buying interest continues for current shipment.

82% BUTTERFAT:	1,700 - 1,800
99% BUTTERFAT:	1,800 - 1,900

SKIM MILK POWDER (SMP): Skim powder markets are steady to weak. Stock levels are lower than anticipated for this time of year. Due to limited sales activity, stocks are sufficient for current needs with additional volumes being held for future sales. The strong U.S. dollar, along with international sales out of the United States, is putting downward pressure on European prices. Traders feel that sales potential out of Europe will remain slow for the next few months.

1.25% BUTTERFAT:	1,560 - 1,700
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder markets in Europe are generally steady. Due to the strong U.S. dollar and limited sales activity, prices are unchanged to lower in Western Europe, although slightly firmer in Eastern Europe. Overall sales activity is slow. Traders anticipate that trading activity will probably remain light for the next few months.

26% BUTTERFAT:	1,570 - 1,850
----------------	---------------

SWEET WHEY POWDER: Whey markets are generally steady at unchanged prices. Stocks of powder are reported to be sufficient for the light/unaggressive demand at this time. This is giving producers time to build some additional inventories. Cheese production continues to be impacted by the strong demand for milk for butter production, thus whey inventories are building slower than anticipated.

NONHYGROSCOPIC:	425 - 550
-----------------	-----------

OVERVIEW: EASTERN EUROPE: Wet weather continues to aggravate and seriously impact areas of Eastern Europe. Dikes and waterways are being severely tested and the stability of these systems is of great concern. The persistent rainy pattern has slowed winter grain maturation and harvesting, caused some crop lodging, and increased the potential for wet weather diseases. Although not fully reviewed, the impact on the dairy industry is noticeable, but not as devastating as other industries. Sales activity out of Eastern Europe is not overly aggressive, but somewhat more active than Western Europe, especially for skim milk powder.

OCEANIA

OVERVIEW: Market conditions in the Oceania region are much the same as in past weeks, although developments elsewhere in the world are influencing Oceania markets. Oceania traders are closely watching U.S. trading under the DEIP program and the impact the U.S. dollar is having on European markets and prices. Production in the Oceania region is at seasonal low levels, although most producers and handlers are preparing for the upcoming production season that will be starting in 4 - 6 weeks. In New Zealand, winter conditions have been relatively kind to the dormant milking herd. Cow conditioning is reported to be very good as New Zealand looks forward to another very favorable milk production season. On the other hand, Australia is probably not in as good of a position. Although the winter season has also been basically mild, Australian producers are having to regroup following last season's dry conditions and they have further to go to get their milking herds in better shape. Overall, the Oceania region is looking forward to a positive production season.

BUTTER: Butter markets are generally steady, although higher prices in Europe are influencing firmer butter prices in the Oceania region. Stocks of butter in the region are fully sufficient for contractual needs with additional volumes becoming less available until the new production season resumes. Russia continues to look for butter for immediate shipment. At this point, Oceania suppliers have limited volumes for this inquiry.

82% BUTTERFAT:	1,400 - 1,500
----------------	---------------

CHEDDAR CHEESE: Cheese markets are generally steady at unchanged prices. Development of Asian and Far Eastern markets continue. Shipments of cheese to these regions continue under previous contracts. Stocks are reported to be sufficient for this need. Sales negotiations for the upcoming production season are well underway and, in instances, nearly completed. At this time, potential cheese sales are looking favorable.

39% MAXIMUM MOISTURE:	2,050 - 2,100
-----------------------	---------------

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are feeling and reflecting the influence of active international trading from the United States. Favorable DEIP bonuses to U.S. traders are helping sales agreements that are putting downward pressure on Oceania prices. Negotiations are occurring for the upcoming production season and recent competitive pricing from the United States is causing the negotiations to realize possibly lower prices. Current supplies of skim milk powder are in close balance to tight for new sales, although the new production season will be generating new stocks in the near future.

1.25% BUTTERFAT:	1,650 - 1,700
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to weaker. As in other manufactured dairy products from the Oceania region, much of the current activity is occurring from contracts negotiated a year ago. Stocks are reported to be sufficient for contracted needs. Much of the market unsettledness is occurring with new contracts under negotiations. Influences from other markets are potentially pressuring prices lower in those negotiations.

26% BUTTERFAT:	1,675 - 1,800
----------------	---------------

Exchange rates for selected foreign currencies: July 28, 1997

.4828 Dutch Guilder	.5442 German Mark
.1615 French Franc	.6496 New Zealand Dollar
.1286 Mexican Peso	.7463 Australian Dollar
1.6275 British Pound	.0084 Japanese Yen
.2884 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1286) = 7.7760$. That is 1 US Dollar equals 7.7760 Mexican Pesos.
Source: "Wall Street Journal"

[illegible]

MONTHLY SUMMARY AND AVERAGES FOR JULY 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 27 JUL 01 - 04	REPORT NUMBER 28 JUL 07 - 11	REPORT NUMBER 29 JUL 14 - 18	REPORT NUMBER 30 JUL 21 - 25	REPORT NUMBER 31 JUL 28 - 31	1997 Average	1996 Average
	or Total	or Total	or Total	or Total	or Total	or Total	or Total
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
Delivered Equivalent:							
-- Northeast	1.5540 - 1.6590	1.5540 - 1.6590	1.4058 - 1.5444	1.4000 - 1.5400	1.4484 - 1.5912	1.5299	2.1713
-- Atlanta	1.5355 - 1.6590	1.5355 - 1.6590	1.4355 - 1.5642	1.4355 - 1.5282	1.4484 - 1.5708	1.5330	2.1792
-- Upper Midwest	1.5225 - 1.5750	1.5330 - 1.5820	1.4454 - 1.4980	1.4700 - 1.5190	1.3872 - 1.5400	1.5054	2.1784
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)							
Delivered Equivalent:							
-- Northeast	0.9800 - 1.0450	0.9625 - 1.0450	0.9500 - 1.0200	0.9500 - 1.0200	0.9500 - 1.0200	0.9930	1.2088
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin							
Shipping Points	0	0	0	0	5	5	147
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	27.7500	24.7068
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Extra And Grade A	1.0550 - 1.1050	1.0550 - 1.1050	1.0550 - 1.1050	1.0550 - 1.0900	1.0500 - 1.0900	1.0765	1.3257
-- Mostly	1.0700 - 1.0800	1.0700 - 1.0800	1.0700 - 1.0800	1.0700 - 1.0800	1.0600 - 1.0700	1.0732	1.2950
-- West (f.o.b.)							
-- Low/Medium Heat	1.0400 - 1.0675	1.0400 - 1.0650	1.0400 - 1.0650	1.0400 - 1.0650	1.0325 - 1.0650	1.0520	1.2605
-- Mostly	1.0400 - 1.0500	1.0400 - 1.0500	1.0400 - 1.0500	1.0400 - 1.0450	1.0375 - 1.0500	1.0442	1.2711
-- High Heat	1.0600 - 1.0800	1.0600 - 1.0800	1.0600 - 1.0800	1.0600 - 1.0800	1.0600 - 1.0800	1.0700	1.3109
-- Northeast (f.o.b.)							
-- Extra & Grade A	1.0550 - 1.1500	1.0550 - 1.1500	1.0550 - 1.1500	1.0550 - 1.1400	1.0500 - 1.1400	1.1000	1.3414
-- Southeast (Delvd)							
-- Extra & Grade A	1.0850 - 1.1300	1.0850 - 1.1300	1.0900 - 1.1200	1.0900 - 1.1200	1.0900 - 1.1200	1.1059	1.3384
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.1950 - 0.2175	0.2000 - 0.2225	0.2050 - 0.2300	0.2100 - 0.2300	0.2150 - 0.2325	0.2163	0.2249
-- Mostly	0.2000 - 0.2050	0.2075 - 0.2125	0.2100 - 0.2200	0.2150 - 0.2250	0.2200 - 0.2250	0.2147	0.2200
-- West (f.o.b.)	0.1950 - 0.2200	0.1975 - 0.2200	0.2000 - 0.2250	0.2000 - 0.2300	0.2050 - 0.2350	0.2129	0.2000
-- Mostly	0.1950 - 0.2125	0.2000 - 0.2100	0.2050 - 0.2100	0.2050 - 0.2150	0.2100 - 0.2200	0.2084	0.1976
-- Northeast Extra Grade (f.o.b.)	0.1950 - 0.1975	0.2025 - 0.2250	0.2100 - 0.2300	0.2175 - 0.2350	0.2200 - 0.2350	0.2181	0.2190
-- Northeast Usph Grade A(f.o.b.)	0.1925 - 0.2100	0.2000 - 0.2400	0.2200 - 0.2400	0.2300 - 0.2450	0.2350 - 0.2500	0.2278	0.2293
-- Southeast Extra Grade (Delvd)	0.2125 - 0.2425	0.2175 - 0.2500	0.2250 - 0.2575	0.2350 - 0.2625	0.2400 - 0.2625	0.2412	0.2473
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.5750 - 0.6300	0.5825 - 0.6425	0.5900 - 0.6425	0.5950 - 0.6400	0.6000 - 0.6400	0.6145	0.6180
-- Mostly	0.5975 - 0.6075	0.6025 - 0.6175	0.6100 - 0.6200	0.6150 - 0.6250	0.6200 - 0.6300	0.6151	0.6214
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.1775 - 0.1975	0.1825 - 0.2025	0.1900 - 0.2100	0.1975 - 0.2175	0.1975 - 0.2175	0.1997	0.2043
-- Standard	0.1750 - 0.1850	0.1800 - 0.1900	0.1850 - 0.1950	0.1950 - 0.2150	TFEWR	TFEWR	0.1991
-- Roller Ground	0.2000 - 0.2150	0.2050 - 0.2200	0.2125 - 0.2350	0.2175 - 0.2400	0.2225 - 0.2400	0.2215	0.2308
-- Delactose	0.3300 - 0.3500	0.3300 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3600	0.3459	0.3672
-- Northeast (f.o.b.)							
-- Milk Replacer	0.1775 - 0.1900	0.1800 - 0.1975	0.1900 - 0.2000	0.2000 - 0.2075	0.2050 - 0.2150	0.1968	TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	1.0000 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1050	1.0611	1.3983
-- West (f.o.b.)	1.0000 - 1.0700	1.0100 - 1.0700	1.0100 - 1.0700	1.0200 - 1.0700	1.0200 - 1.0700	1.0414	1.4113
-- Mostly	1.0100 - 1.0300	1.0100 - 1.0300	1.0100 - 1.0300	1.0200 - 1.0400	1.0200 - 1.0400	1.0241	TFEWR
-- Northeast (f.o.b.)	1.0600 - 1.0900	1.0600 - 1.0900	1.0600 - 1.0900	1.0600 - 1.0800	1.0550 - 1.0850	1.0730	1.2524
-- Southeast (Delvd)	1.0975 - 1.1400	1.0975 - 1.1400	1.0975 - 1.1400	1.0975 - 1.1400	1.0975 - 1.1400	1.1188	1.3385
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	1.1600 - 1.2400	1.1600 - 1.2500	1.1800 - 1.2500	1.1800 - 1.2400	1.1800 - 1.2400	1.2086	1.4245
LACTOSE							
-- Central And West (f.o.b.)	0.2000 - 0.2800	0.2000 - 0.2800	0.2000 - 0.2800	0.2000 - 0.2800	0.2000 - 0.2800	0.2400	0.2015
-- Mostly	0.2300 - 0.2500	0.2200 - 0.2500	0.2200 - 0.2500	0.2150 - 0.2500	0.2150 - 0.2500	0.2347	0.1950
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2400	2.5750
-- Nonrestricted - Acid	2.0000 - 2.2000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0568	2.5250

1/ Prices for all products not footnoted 2/ or 3/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are simple averages of all the prices reported during the month and are shown on the Friday line. 3/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JULY 28 - AUGUST 1				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD					
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	07/25/97	LAST YEAR					
BUTTER												
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE												
Block	-0-	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK												
Nonfortified	220,460	-0-	-0-	220,460	6,323,281	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	220,460	-0-	-0-	220,460	6,323,281	-0-	-0-	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JULY 28 - AUGUST 1, 1997 =	0.0	2.6	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	19.0	92.5	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - AUGUST 1, 1997 =	19.0	92.5	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

	CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL							
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT				
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	73.6	0.0
WEST	-0-	-0-	392,874	-0-	6,323,281	-0-	26.4	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	6,323,281	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/12/97 & Comparable Week 1996

Regions*	1	2	3**	4**	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL		
											WEEK :SINCE JAN 1	WEEK : SINCE JAN 1		
1997-Dairy cows HD (000)	0.4	1.5	---	12.0	20.3	2.6	3.0	1.0	8.3	2.9	52.0	1,549.4	44.8	46.0
1996-Dairy cows HD (000)	0.4	1.3	---	12.3	23.1	2.4	5.6	1.1	8.3	2.6	57.0	1,575.5	42.1	43.5
1997-All cows HD (000)	0.4	1.6	---	24.6	28.0	15.4	18.4	9.1	11.4	7.3	116.0	3,369.9		
1996-All cows HD (000)	0.4	1.4	---	24.7	30.6	26.4	23.9	9.6	12.2	6.3	135.5	3,620.3	**REGION 3 & 4 COMBINED**	
*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31														

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE PURCHASES (7/25 AND 7/30) POUNDS

PROCESS	SEPTEMBER DELIVERY	OCTOBER DELIVERY
PROCESS LOAF - 5 LB.	831,600 \$1.2575-1.2769	435,600 \$1.2580-1.2984
PROCESS SLICED	--	118,800 \$1.3360-1.3520
PROCESS SHREDDED	230,400 \$1.3440	--
PROCESS LOAF - 2 LB.	--	950,400 \$1.3770-1.4586
MOZZARELLA		
MOZZARELLA	2,338,560 \$1.2750-1.3370	403,200 \$1.3080
LITE MOZZARELLA	282,240 \$1.3890	161,280 \$1.3960
LITE SHREDDED	282,240 \$1.4520-1.4710	80,640 \$1.4751-1.4860
AMERICAN		
BLOCKS	878,903 \$1.4393-1.4851	479,400 \$1.4393-1.4747
CHEDDAR CUTS	399,502 \$1.5750-1.6050	159,800 \$1.6300-1.6775
REDUCED FAT	119,850 \$1.6764-1.6847	79,900 \$1.6847
REDUCED FAT CUTS	119,850 \$1.8300	119,850 \$1.8700
CHEDDAR SHREDS	153,600 \$1.6062-1.6190	76,800 \$1.6139-1.6217
REDUCED FAT SHREDS	192,000 \$1.7908-1.8003	--
BARRELS	440,000 \$1.2100	400,000 \$1.2600
NONFAT DRY MILK		
INSTANT 6/4-POUND	93,312 \$1.3050-1.3515	
INSTANT 12/25.6 OZ	349,440 \$1.3515-1.4080	
NONFORTIFIED - 25 KG	773,819 \$1.0905-1.1285	

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 87,720,255

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 11,567,670

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74						